

Message Text

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PAGE 01 LISBON 03932 111908Z

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 SAM-01 /092 W

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R 111757Z JUL 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 3397

INFO AMEMBASSY BERN

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AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

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EO 11652: N/A

TAGS: EINV, PO

SUBJ: GOP TAKES FURTHER NATIONALIZATION DECISIONS

SUMMARY: GOP DECREED NATIONALIZATION OF SEVEN ADDITIONAL

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PAGE 02 LISBON 03932 111908Z

COMPANIES, INCLUDING ONE WHICH MOVES GOVERNMENT OWNERSHIP INTO
SECTOR NOT PREVIOUSLY INCLUDED AMONG THOSE DESTINED FOR PUBLIC

OWNERSHIP. WORKERS WAGING CAMPAIGN FOR NATIONALIZATION OF GIANT CUF CONGLOMERATE. DEADLINE FOR DECISION ON COMPENSATION AND MANAGEMENT STRUCTURE FOR NATIONALIZED FIRMS HAS BEEN POSTPONED UNTIL DECEMBER 31, 1975. END SUMMARY

1. ON JULY 11 GOP ANNOUNCED NATIONALIZATION OF SEVEN MORE COMPANIES--TWO EACH IN PETROCHEMICAL, FERTILIZER AND MINING SECTORS, AND ONE GLASS MANUFACTURER.

2. EARLIER NATIONALIZATION OF BANKS AND INSURANCE COMPANIES HAD ALREADY GIVEN GOVERNMENT MAJORITY CONTROL OF ALL THESE COMPANIES, EXCEPT GLASS FIRM COVINA. LATTER FIRM HAS BEEN OCCUPIED BY WORKERS SINCE FEBRUARY 1975, AND IS ABOUT 20 PERCENT OWNED BY FRENCH (ST. GOBAIN) COMPANY. FOLLOWING PATTERN SET IN PREVIOUS NATIONALIZATIONS, DECREE EXPLICITLY EXCLUDED FOREIGN CAPITAL IN COVINA FROM NATIONALIZATION.

3. THIS WEEK GOP ANNOUNCED THAT DEADLINES FOR DETERMINING COMPENSATION FOR, AND MANAGEMENT STRUCTURE OF, COMPANIES AND SECTORS ALREADY NATIONALIZED HAVE BEEN EXTENDED UNTIL DECEMBER 31, 1975. DEADLINES HAD PREVIOUSLY BEEN SET AT 90 TO 180 DAYS AFTER RESPECTIVE DATES OF NATIONALIZATION. IN CASE OF BANKS, DECISIONS WERE ORIGINALLY TO HAVE BEEN MADE BY JUNE 12.

4. DURING PAST WEEK, WORKER REPRESENTATIVES FROM COMPANIES OF GIANT COMPANHIA UNIAO FABRIL (CUF) HAVE HEIGHTENED THEIR CAMPAIGN FOR NATIONALIZATION OF ENTIRE COMGLOMERATE. MANY COMPANIES OF GROUP HAVE ALREADY BEEN TAKEN OVER THROUGH BANK, INSURANCE, PETROLEUM, AND SHIPPING NATIONALIZATIONS. CUF'S SUBSIDIARY, NITRATOS DE PORTUGAL, WAS ONE OF FERTILIZER COMPANIES NATIONALIZED THIS WEEK. IN MAY 23 INTERVENTION (LISBON 2925 NOTAL), GOP PLACED DELEGATES AND ADMINISTRATORS IN ALL CUF COMPANIES.

5. COMMENT: A. LATEST NATIONALIZATION COVERS THREE MORE SECTORS IN WHICH GOP HAD PREVIOUSLY ANNOUNCED ITS INTENTION TO INTERVENE (LISBON 2190), AS WELL AS ONE--GLASS--NOT PREVIOUSLY INCLUDED.

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PAGE 03 LISBON 03932 111908Z

B. ORIGINAL DEADLINES FOR DECISIONS ON RESTRUCTURING NATIONALIZED SECTORS WERE UNREALISTIC. IN CASE OF BANK AND INSURANCE SECTORS, GOP DID NOT EVEN BEGIN NAMING COMMITTEES TO CARRY OUT TASK UNTIL 60 DAYS HAD ELAPSED.

C. COVINA CASE SEEMS TO CONFIRM THAT, UNDER CURRENT CIRCUMSTANCES, WORKER PRESSURES WILL CONTINUE TO FORCE GOP TO NATIONALIZE COMPANIES WHICH IT WOULD RATHER LEAVE, AT LEAST TEMPORARILY, IN PRIVATE HANDS.

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Subject: GOP TAKES FURTHER NATIONALIZATION DECISIONS SUMMARY: GOP DECREED NATIONALIZATION OF SEVEN ADDITIONAL
TAGS: EINV, PO
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